

GENERAL AGREEMENT ON TARIFFS AND TRADE

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ARRANGEMENT REGARDING INTERNATIONAL TRADE IN COTTON TEXTILES

Information on Steps to Facilitate Adjustments in the Cotton Textile Industries

Addendum

In compliance with paragraph C(h) of the conclusions adopted by the CONTRACTING PARTIES on 24 November 1967 relating to trade of developing countries (BISD, Fifteenth Supplement, page 72) importing countries participants in the Cotton Textiles Arrangement were requested in GATT/AIR/640 to notify to the secretariat, for the information of the Cotton Textiles Committee all relevant information on the measures taken or contemplated by them to facilitate adjustments in their cotton textiles industries during the period of special protection provided by the Cotton Textiles Arrangement.

The following is an additional notification received from the Italian Permanent Mission.

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Italy

Information on Measures to Facilitate Adjustments in
National Industries

With a view to affording a satisfactory solution to the problem of adjusting the Italian textile industry, the Italian Government drew up draft legislation which was approved on 18 August 1968 by the Council of Ministers and is now before Parliament. This draft legislation should facilitate the modernization and rationalization of the textile industry so as to ensure increased production and productivity to the extent necessary to ensure satisfactory returns from the commercial aspect.

In particular, the draft legislation provides that textile undertakings may submit to the Ministry of Industry, for approval, plans for structural reorganization and adjustments designed to increase production and competitive capacity. Such plans may provide for the concentration or integration of undertakings by means of mergers. In addition, the draft provides that any areas where the textile industry is of prime importance and where there is unemployment, or a risk thereof, undertakings in the sector may draw up plans for total or partial reconversion to different activities.

To this end the "Istituto Mobiliare Italiano" is authorized to finance the undertakings concerned and, up to 31 December 1972, to issue obligations with a nominal value of Lit 200,000 million. Credits are granted proportionately to the costs of carrying out the plans, as follows:

- 70 per cent up to Lit 500 million;
- 60 per cent from Lit 500 million to Lit 3,000 million;
- 50 per cent over and above Lit 3,000 million.

Furthermore, the State undertakes to make grants for the payment of interest, so as to reduce to 4 per cent the costs actually borne by the undertakings concerned.

Lastly, the draft legislation provides for tax exemptions or rebates for such enterprises operating in areas where a labour surplus is known to exist.

As already mentioned, this draft legislation is awaiting Parliamentary approval before it can become law.